UTAH OIL AND GAS CONSERVATION COMMISSION

REMARKS: WELL LOG _____ ELECTRIC LOGS _____ X WATER SANDS _____ LOCATION INSPECTED _____ SUB. REPORT/abd. _____

2000 acft LA'D, eff 1-31-2000!

DATE FILED: APRIL 11, 1998

LAND: FEE & PATENTED STATE LEASE NO. PUBLIC LEASE NO. INDIAN 20-14-H62-4703

DRILLING APPROVED: MAY 4, 1998

SPUDDED IN:

COMPLETED: PUT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED: 1-31-2000 LA'D

FIELD: CEDAR RIM FIELD

UNIT:

COUNTY: DUCHESNE COUNTY

WELL NO: UTE 1-36C7 API NO. 43-013-31868

LOCATION: 1570 FNL FT. FROM (N) (S) LINE 1504 FEL FT. FROM (E) (W) LINE SW NE 1/4 — 1/4 SEC. 36

TWP	RGE	SEC	OPERATOR	TWP	RGE	SEC	OPERATOR
				3S	7W	36	COASTAL OIL & GAS

Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: 14-20-H62-4703

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: Ute

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

7. UNIT AGREEMENT NAME: N/A

b. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

8. FARM OR LEASE NAME, WELL NO.: Ute 1-36C7

2. NAME OF OPERATOR: Coastal Oil & Gas Corporation

9. API WELL NO.:

3. ADDRESS AND TELEPHONE NO.: P.O. Box 749, Denver, CO 80201-0749 (303) 573-4455

10. FIELD AND POOL, OR WILDCAT: Cedar Rim

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1570' FNL & 1504' FEL
At proposed prod. zone: NW

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Section 36-T3S-R7W

RECEIVED
APR 11 1997
DIV. OF OIL, GAS & M

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 11.4 miles west of Duchesne

12. COUNTY OR PARISH: Duchesne

13. STATE: Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
1504'	640	640
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
See Topo Map C	9,100'	Rotary

21. ELEVATIONS (Show whether DF,RT, GR, etc.): Ungraded GR = 6657'

22. APPROX. DATE WORK WILL START*: Upon Approval

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
See Attached				
Drilling Program				

Coastal Oil & Gas Corporation proposes to drill a well to the proposed TD as stated above. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and State of Utah requirements.

See the attached Drilling Program and Multi-point Surface Use & Operations Plan.

Coastal Oil & Gas Corporation is considered to be the operator of the subject well. It agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided for by: State of Utah Bond #102103, BLM Nationwide Bond #U605382-9, and BIA Nationwide Bond #114066-A.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Sheila Bremer TITLE Sheila Bremer
Environmental & Safety Analyst DATE 4/10/97

(This space for Federal or State office use)

PERMIT NO. 43-013-31868 APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

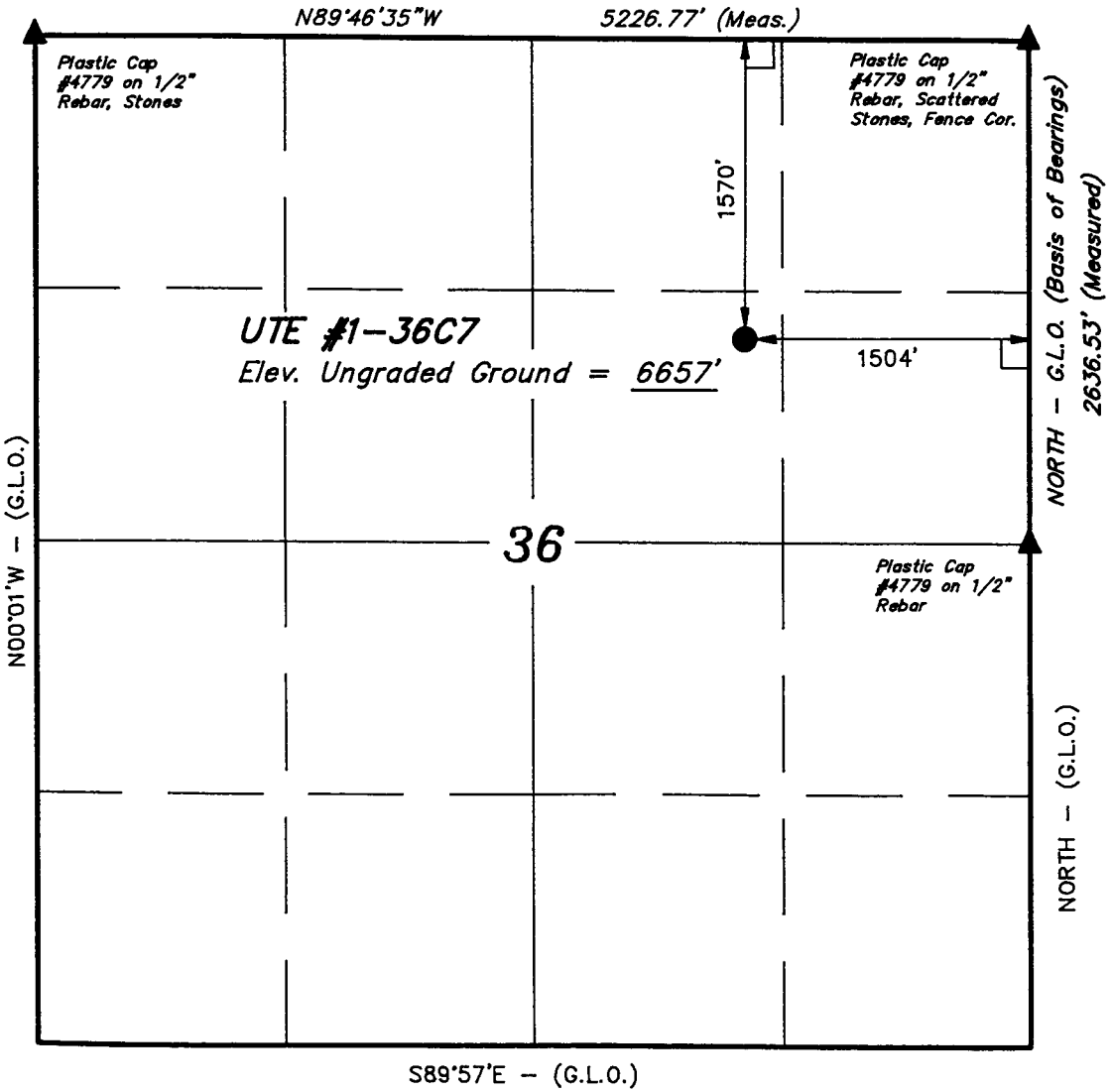
CONDITIONS OF APPROVAL, IF ANY: Federal Approval of this Action is Necessary

APPROVED BY TITLE BRADLEY G. HILL
RECLAMATION SPECIALIST III DATE 5/4/98

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

T3S, R7W, U.S.B.&M.



LEGEND:

└ = 90° SYMBOL

● = PROPOSED WELL HEAD.

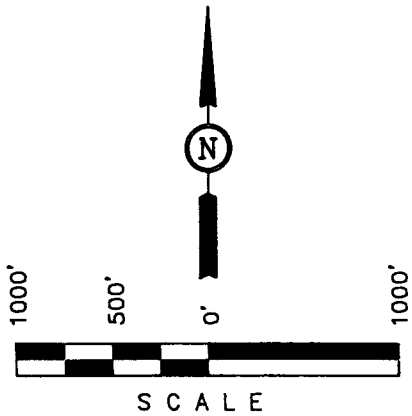
▲ = SECTION CORNERS LOCATED.

COASTAL OIL & GAS CORP.

Well location, UTE #1-36C7, located as shown in the SW 1/4 NE 1/4 of Section 36, T3S, R7W, U.S.B.&M., Duchesne County, Utah.

BASIS OF ELEVATION

BENCH MARK LOCATED IN THE NW 1/4 OF SECTION 36, T3S, R7W, U.S.B.&M. TAKEN FROM THE RABBIT GULCH QUADRANGLE, UTAH, DUCHESNE COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6686 FEET.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Robert L. Kay

REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(801) 789-1017

SCALE	DATE SURVEYED:	DATE DRAWN:
1" = 1000'	02-03-97	02-12-97
PARTY: D.A. S.S. D.R.B.	REFERENCES: G.L.O. PLAT	
WEATHER: COLD	FILE: COASTAL OIL & GAS CORP.	

UTE #1-36C7
1570' FNL & 1504' FEL
SW/NE, SECTION 36-T3S-R7W
DUCHESNE COUNTY, UTAH
LEASE NUMBER: 14-20-H62-4703

ONSHORE ORDER NO. 1
COASTAL OIL & GAS CORPORATION

DRILLING PROGRAM

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved Plan of Operations. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

1. **Estimated Tops of Important Geologic Markers:**

Formation	Depth
Duchesne River/Uinta	Surface
Lower Green River	4,950'
Wasatch	6,750'
• Top of Wasatch Red Beds	None Anticipated
• Bottom of Wasatch Red Beds	None Anticipated
Total Depth	9,100'

2. **Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:**

Substance	Formation	Depth
Oil	Lower Green River	4,950'
	Wasatch	6,750'
Gas	Lower Green River	4,950'
	Wasatch	6,750'
Water	N/A	
Other Minerals	N/A	

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth and adequately protected. Oil and gas shows will be evaluated to determine commercial potential.

3. **Pressure Control Equipment:** (Schematic Attached)

Coastal Oil & Gas Corporation's specifications for pressure control equipment are as follows:

- 11"/13⅝" annular preventer, 11"/13⅝" double BOP with blind and pipe rams, and drilling spool. Each component shall be rated for a minimum of 3,000 psi working pressure.

- Ram type preventers and associated equipment shall be tested to approved stack working pressure, if isolated by test plug, or to 70% of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10% in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

- Annular preventers shall be tested to 250 psi and 70% of the rated working pressure, if isolated by test plug, or to 70% of internal yield pressure of casing. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

- As a minimum, the above test will be performed when initially installed, whenever any seal subject to test pressure is broken, following related repairs, or at 30-day intervals.

- Valves shall be tested from working pressure side during BOPE tests with all downstream valves open.

- When testing the kill line valve(s), the check valve shall be held open or the ball removed.

- Annular preventers shall be functionally operated at least weekly.

- Pipe and blind rams shall be activated each trip; however, this function need not be performed more than once a day. A record of this function shall be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

- A BOPE pit level drill shall be conducted weekly for each drilling crew.

- Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log.

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing shoe and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated in accordance with Onshore Order No. 2.

The District Office should be notified, with sufficient lead time, in order to have the BLM representative on location during pressure testing.

a. The size and the rating of the BOP stack is shown on the attached diagram. The minimum allowable working pressure of BOP equipment shall be 3,000 psi.

b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.

c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.

d. Drill string safety valve(s), to fit all drill string components, are to be maintained on the rig floor while drilling operations are in progress.

4. **Proposed Casing and Cementing Program:**

a. The proposed Casing Program will be as follows:

Purpose	Depth	Hole Size	Csg Size	Wt/ft	Grade	Type
Conductor	0-40'	20"	16"	65#	H-40	ST&C
Surface	0-1,007'	12¼"	9⅝"	36#	K-55	ST&C
Prod Casing	0-TD	8½"	5½"	17#	N-80	LT&C

The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including: presence/absence of hydrocarbons, fracture gradients, usable water zones, formation pressures, lost circulation zones, other minerals, or other unusual characteristics. All indications of usable water shall be reported.

Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).

Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data).

Casing collars shall have a minimum clearance of 0.422" of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.

All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.

All casing, except conductor casing, shall be new or reconditioned and tested. Used casing shall meet or exceed API standards for new casing.

The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.

All indications of usable water shall be reported to the Authorized Officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.

Surface casing shall have centralizers on every fourth joint of casing, starting with the shoe joint and up to the bottom of the cellar.

Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc., shall be utilized to help isolate the cement from contamination by the mud being displaced ahead of the cement slurry.

All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or to 1500 psi, whichever is greater, but not to exceed 70% of the casing internal yield pressure. If pressure declines more than 10% in 30 minutes, corrective action shall be taken.

Casing design subject to revision based on geologic conditions encountered.

b. The Cement Program will be as follows:

Conductor	Fill	Type & Amount
0-40'	40'	10 sx of Class "G".
Surface	**Fill**	**Type & Amount**
0-1,007'	1,007'	Lead: Approximately 200 sx of Class "G" Lite + 3% $CaCl_2$ at 13.1 ppg, 1.68 $ft.^3/sx$, sufficient to circulate to surface. Tail: A minimum of 150 sx of Class "G" + 3% $CaCl_2$ at 15.8 ppg, 1.17 $ft.^3/sx$.
Production Casing		**Type & Amount**
TD - at least 500' above Top of productive interval		Class "G" + 10% D53 (Gypsum) + 0.2% D46 (Antifoam) + 0.1% D74 (Extender) + 10#/sx D24 (Gilsonite) at 14.0 ppg, 1.73 $ft.^3/sx$. Approximately 800 sx.

Additional cement may be pumped as necessary for protection against corrosive zones or other zones with hydrocarbon-producing potential. A stage cementing tool is optional.

Anticipated cement tops will be reported as to depth, not the expected number of sacks of cement to be used. The District Office shall be provided with 24 hours notice in order to have a BLM representative on location while running all casing strings and cementing.

After cementing, but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the Driller's Log.

c. The following reports shall be filed with the District Manager within 30 days after the work is completed:

1. Progress reports, Form 3160-5, "Sundry Notices and Reports on Wells," must include the following information:

   a) Setting of each string of casing showing the size, grade, weight of casing set, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of the cementing tools used, casing test method and results, and the date of the work done. Spud date will be shown on the first reports submitted.

   b) A temperature or bond log will be submitted for the production casing. A bond log will not be run on the other string, as cement is generally able to be lifted to surface.

d. Auxiliary equipment to be used as follows:

   1. Kelly cock.

   2. No bit float is deemed necessary.

   3. A sub with a full opening (TIW) valve.

5. **Drilling Fluids Program:**

a.

Interval	Type	Mud Wt.
0-6,000'	Air Mist/Aerated Water	8.4-8.6 ppg
6,000'-TD	LSND	8.6-10 ppg

Sufficient quantities of mud materials will be maintained or readily accessible for the purpose of assuring well control during the course of drilling operations.

A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss, and pH.

b. Mud monitoring equipment will be checked periodically each tour.

c. No chromate additives will be used in the mud system on Federal and/or Indian lands without prior BLM approval to ensure adequate protection of freshwater aquifers.

d. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

6. **Evaluation Program:**

a. Logging Program:

Resistivity-GR, SP:	1,000'-TD.
Sonic-GR:	1,000'-TD.
Drill Stem Tests:	None anticipated.
Cores:	None anticipated.

The Evaluation Program may change at the discretion of the well site geologist.

Drill stem tests, if they are run, will adhere to the following requirements:

Initial opening of the drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the Authorized Officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the Authorized Officer. Closed chamber DST's may be performed day or night.

Drill stem testing tools will provide for reverse circulation in case of flow to the surface showing evidence of hydrocarbons.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to be operational during the test shall have spark arresters or water-cooled exhausts.

b. Whether the well is completed as a dry hole or a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. One copy of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the Authorized Officer.

c. No stimulation or frac treatment has been designed for this well at this time; however, the drill site, as approved, will be of sufficient size to accommodate all completion activities.

7. **Abnormal Conditions:**

No abnormal temperatures or pressures are anticipated. No hydrogen sulfide has been encountered in or known to exist from previous drilling in the area at this depth. Maximum anticipated bottomhole pressure approximately equals 3,480 psi (calculated at 0.4 psi/foot) and maximum anticipated surface pressure equals approximately 1,566 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Dates and Notification of Operations:**

a. Drilling Activity

Anticipated Commencement Date:	Upon approval of this application.
Drilling Days:	Approximately 30 days.
Completion Days:	Approximately 20 days.

b. Notification of Operations

The BLM in Vernal, Utah, will be notified at least 24 hours prior to the commencement of spudding the well (to be followed with a Sundry Notice, Form 3160-5), of initiating pressure tests of the blowout preventer and related equipment, and running casing and cementing of all casing strings.

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in suspended status without prior approval from the Authorized Officer. If operations are to be suspended, prior approval of the Authorized Officer will be obtained and notification given before resumption of operations.

In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 3160-6, "Monthly Report of Operations," starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report will be filed with the Vernal BLM District Office, 170 South 500 East, Vernal, Utah 84078.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

Should the well be successfully completed for production, the Authorized Officer will be notified when the well is placed in a producing status. Such notification will be sent by written communication not later than 5 days following the date when the well is placed on production.

Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During this period, an application for approval of the permanent disposal method, accompanied by water analysis and other required information, must be submitted to the District Engineer.

Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during the initial well evaluation tests, not to exceed 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the District Engineer and approval received for any venting/flaring of gas beyond the initial 30 day or authorized test period.

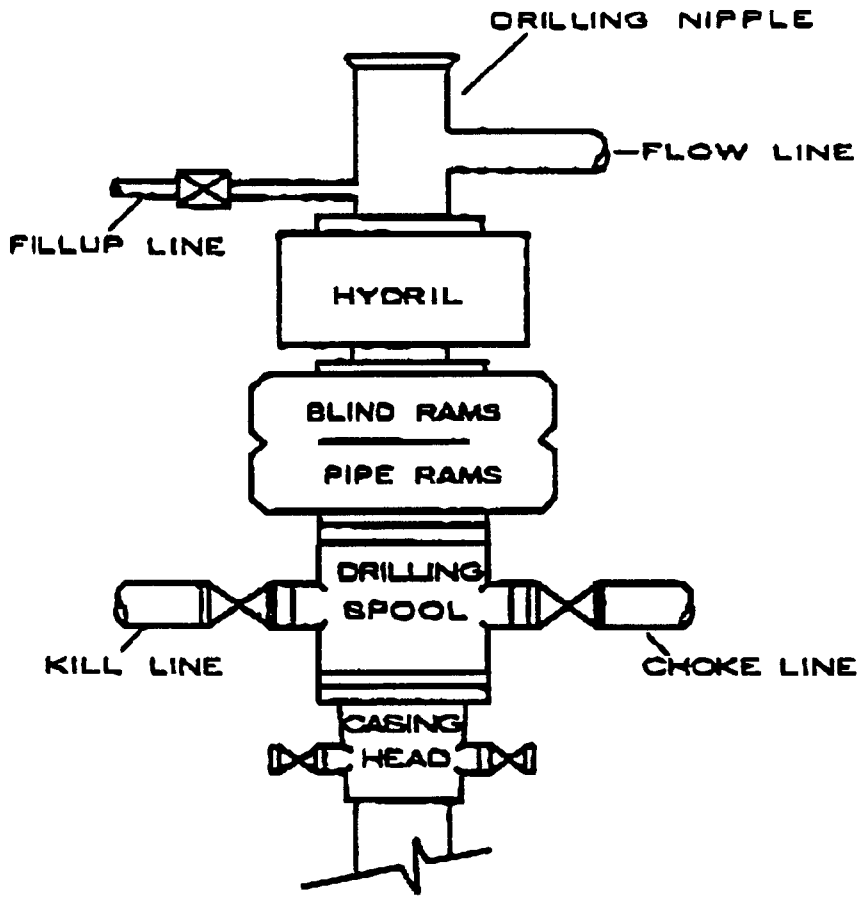
A schematic facilities diagram, as required by 43 CFR 3162.7-5 (b.9.d.), shall be submitted to the District Office within 60 days of installation or first production, whichever occurs first. All site security regulations, as specified in Onshore Oil & Gas Order No. 3, shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (b.4).

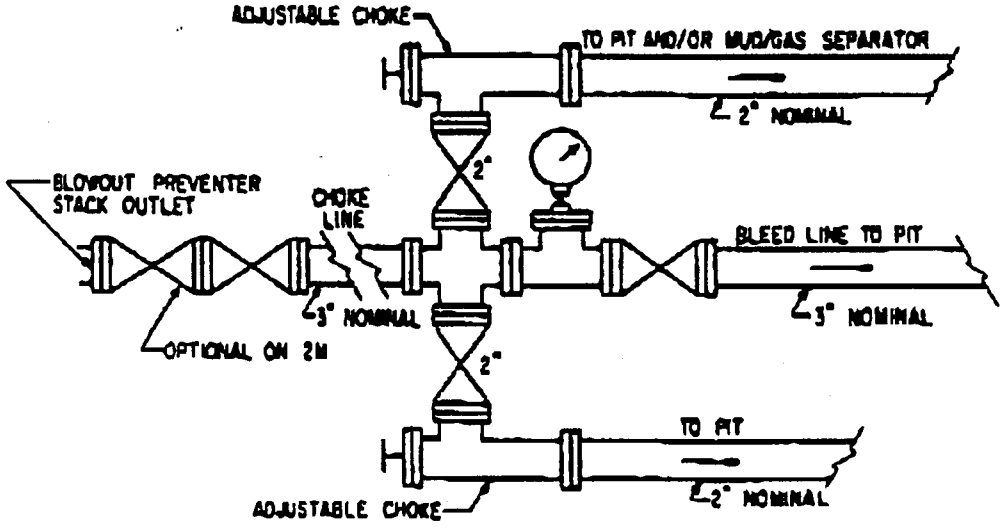
No well abandonment operations will be commenced without the prior approval of the Authorized Officer. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the Authorized Officer. A "Subsequent Report of Abandonment," Form 3160-5, will be filed with the Authorized Officer within 30 days following completion of the well for abandonment. This report will indicate placement of the plugs and current status of the surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Authorized Officer or his representative, or the appropriate Surface Managing Agency.

Pursuant to Onshore Oil and Gas Order No. 1, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in a manner which conforms with applicable Federal laws and regulations and with the State and local laws, to the extent to which they are applicable, to operations on Federal or Indian lands.

3,000 psi

BOP STACK





UTE #1-36C7
1570' FNL & 1504' FEL
SW/NE, SECTION 36-T3S-R7W
DUCHESNE COUNTY, UTAH
LEASE NUMBER: 14-20-H62-4703

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

Notification Requirements

Location Construction:	48 hours prior to construction of location and access roads.
Location Completion:	Prior to moving the drilling rig.
Spud Notice:	At least 24 hours prior to spudding the well.
Casing String & Cementing:	24 hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests:	24 hours prior to initiating pressure tests.
First Production Notice:	Within 5 days after new well begins or production resumes after well has been off production for more than 90 days.

The on-site inspection for this well was conducted on March 19, 1997, at 9:30 a.m. Weather conditions were sunny. The following individuals were in attendance at the inspection:

Sheila Bremer	Coastal Oil & Gas Corporation
Clay Einerson	Coastal Oil & Gas Corporation
Scott Seely	Drilling Consultant for Coastal Oil & Gas Corporation
Clint Turner	Land Consultant for Coastal Oil & Gas Corporation
Greg Darlington	Bureau of Land Management
Dennis Ingram	State of Utah, Division of Oil, Gas & Mining
Dale Hanberg	Bureau of Indian Affairs
Leo Tapoof	Ute Tribe
Robert Kay	Uintah Engineering & Land Surveying, Inc.
Darr Fisher	Fisher Crane
Gary Robinson	Robinson Construction

1. **Existing Roads:**

The proposed well site is approximately 11.4 miles west of Duchesne, Utah. Refer to Topo Maps A and B for location of access roads.

There will be no improvements made to existing access roads. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

2. **Planned Access Roads:**

Approximately 0.25 miles of new access will be required. The new access road will be crowned and ditched with a running surface if 18 feet and a maximum disturbed width of 30 feet. Appropriate water control will be installed to control erosion.

No pipelines will be crossed with the new construction.

The maximum grade will be less than 8% at the steepest point.

There will be no turnouts, major cuts and fills, low water crossings, culverts, or bridges.

The access road was centerline flagged during time of staking.

There will be no gates, cattle guards, fence cuts, or modifications to existing facilities.

Surfacing material may be necessary, depending upon weather conditions.

Surface disturbance and vehicular traffic will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.

Access roads and surface disturbing activities will conform to standards outlined in the BLM and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, 1989.

The road surface and shoulders will be kept in a safe and usable condition and will be maintained in accordance with the original construction standards. All drainage ditches and culverts will be kept clear and free-flowing and will be maintained according to original construction standards. The access road right-of-way will be kept free of trash during operations. All traffic will be confined to the approved right-of-way. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Should mud holes develop, they shall be filled in and detours around them avoided.

3. **Location of Existing Wells Within a 1-Mile Radius:** (See Map C)

a. Water wells - 0

b. Producing wells - 1

c. Drilling wells - 0

d. Shut-in wells - 0

e. Temporarily abandoned wells - 0

f. Disposal wells - 0

g. Abandoned wells - 0

h. Injection wells - 0

4. **Location of Existing and Proposed Facilities:**

The following guidelines will apply if the well is productive.

a. A diagram showing the proposed production facilities will be submitted via Sundry Notice Form 3160-5 prior to facilities installation.

b. All production facilities will be located on the disturbed portion of the well pad and at a minimum of 25 feet from the toe of the back slope or the top of the fill slope.

c. A dike will be constructed completely around those production facilities which contain fluids (i.e., production tanks, produced water tanks, and/or heater/treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank, and be independent of the back cut.

d. All permanent (on-site six months or longer) above the ground structures constructed or installed, including pumping units, will be painted Desert Brown, Munsell standard color number 10 YR 6/3. All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.

e. If, at any time, the facilities located on public land and authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change), the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to the appropriate rental or other financial obligation, as determined by the Authorized Officer.

f. Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.

5. **Location and Type of Water Supply:**

All water needed for drilling purposes will be obtained from:

City of Duchesne Culinary Water System
Sections 1 and 2, T4S-R5W
Under the existing water rights held by the City of Duchesne, Utah.

Water will be hauled to location over the roads marked on Maps A and B.

No water well is to be drilled on this lease.

6. **Source of Construction Materials:**

Surface and subsoil materials in the immediate area will be utilized.

Any gravel will be obtained from a commercial source.

The use of materials under BLM jurisdiction will conform with 43 CFR 3610.2.3. Construction material will not be located on lease.

No construction materials will be removed from Federal/Indian lands without prior approval from the appropriate surface management agency.

7. **Methods of Handling Waste Materials:**

a. Drill cuttings will be contained and buried in the reserve pit.

b. Drilling fluids, including salts and chemicals, will be contained in the reserve pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated.

c. The reserve pit will be constructed on the location and will not be located within natural drainages, where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break, or allow discharge of liquids.

If a plastic reinforced liner is used, it will be a minimum of 12 mil thick, with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will be disposed of in the pit.

d. After first production, produced waste water will be confined to the approved pit or storage tank for a period not to exceed 90 days. During the 90 day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the Authorized Officer's approval.

e. Any spills of oil, gas, salt water, or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.

f. A chemical porta-toilet will be furnished with the drilling rig.

g. Garbage, trash, and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.

h. All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

i. No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or

disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

8. **Ancillary Facilities:**

None are anticipated.

9. **Well Site Layout:** (See Location Layout Diagram)

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

See the attached diagram to describe rig orientation, parking areas, and access roads.

a. The reserve pit will be located on the southeast side of the location.

b. The stockpiled topsoil (first six inches) will be stored on the west side of the location. All brush removed from the well pad during construction will be stockpiled separately from the topsoil.

c. The flare pit will be located on the south side of the location, downwind from the prevailing wind direction and a minimum of 100 feet from the wellhead and 30 feet from the reserve pit fence.

d. Access will be from the east.

e. All pits will be fenced according to the following minimum standards:

39 inch net wire will be used with at least one strand of barbed wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

The net wire shall be no more than two inches above the ground. The barbed wire shall be three inches over the net wire. Total height of the fence shall be at least 42 inches.

Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any 2 fence posts shall be no greater than 16 feet.

All wire shall be stretched, by using a stretching device, before it is attached to corner posts.

f. The reserve pit fencing will be on two sides (providing for blooie line as necessary for air drilling operations) during drilling operations, and on the remaining sides when the rig moves off location. Pits will be fenced and maintained until cleanup.

10. **Plans for Reclamation of the Surface:**

a. Producing Location:

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, materials, trash, and debris not required for production.

Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.

If a plastic, nylon reinforced, liner is used, it shall be torn and perforated before backfilling of the reserve pit.

Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion, weather permitting.

To prevent surface water(s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface three feet above surrounding ground surface to allow the reclaimed pit area to drain effectively.

Upon completion of backfilling, leveling, and recontouring, the stockpiled topsoil will be spread evenly over the reclaimed area(s).

Arrangements are being negotiated between the landowner(s) and the Operator defining the specific requirements for surface reclamation. Notification will be submitted verbally and/or via letter when landowner negotiations are complete.

b. Dry Hole/Abandoned Location:

On lands administered by the BLM, abandoned well sites, roads, and other disturbed areas will be restored as near as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions, and the re-establishment of vegetation as specified.

All disturbed surfaces will be recontoured to the approximate natural contours, with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. Reseeding operations will be performed after completion of other reclamation operations.

11. **Surface Ownership:**

The well pad and access road is located on lands owned by:

- Ford's Inc.
  438 East 200 South, Suite 300
  Salt Lake City, Utah 84111
  (801) 355-5515

12. **Other Information:**

a. All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

b. The Operator will control noxious weeds along right-of-ways for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds may be obtained from the BLM or the appropriate County Extension Office. On BLM administered land, it is required that a Pesticide Use Proposal be submitted and approved prior to the application of herbicides or other pesticides or possibly hazardous chemicals.

c. Drilling rigs and/or equipment used during drilling operations on this location will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. If BLM authorization is obtained, such storage is only a temporary measure.

d. The BLM office shall be notified upon site completion and prior to moving drilling tools onto the location.

f. No work will be done on the location until negotiations with the landowner are complete.

g. A Private Surface Owner Waiver (archeology wavier) is being obtained from the landowner and will be provided as soon as practicable.

13. **Lessee's or Operator's Representative and Certification:**

Sheila Bremer
Environmental & Safety Analyst
Coastal Oil & Gas Corporation
P.O. Box 749
Denver, CO 80201-0749
(303) 573-4455

Tom Young
Drilling Manager
Coastal Oil & Gas Corporation
9 Greenway Plaza
Houston, TX 77046
(713) 877-7044

Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

I hereby certify that I, or persons under my supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions that currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by the operator, its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Sheila Bremer

Sheila Bremer

4/10/97

Date

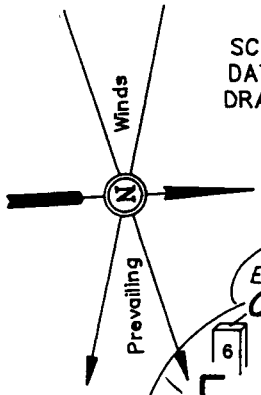
COASTAL OIL & GAS CORP.

LOCATION LAYOUT FOR

UTE #1-36C7
SECTION 36, T3S, R7W, U.S.B.&M.
1570' FNL 1504' FEL

FIGURE #1

SCALE: 1" = 60'
DATE: 02-12-97
DRAWN BY: D.R.B.



Topsoil Stockpile

El. 70.5' C-14.3'
El. 66.1' C-9.9'
El. 65.0' C-8.8'
C-5.7' El. 61.9'

120'
60'
Sta. 4+25
DATA UNIT
Round Corners as Needed
Approx. Top of Cut Slope
225'
Existing Fence
Flare Pit
CATWALK
PIPE RACKS
El. 58.9' C-2.7'
El. 62.1' C-15.9' (btm. pit)
El. 56.7' C-0.5'
DOG HOUSE
RIG
WATER
120'
15'
60'
150'
Sta. 2+00
F-1.1' El. 55.1'
MUD TANKS
TRAILER
RESERVE PITS
(10' Deep)
MUD PUMP
MUD SHED
TOILET
HOPPER
FUEL
FUEL
LIGHT PLANT
215'
Pit Capacity with 2' of Freeboard is 28,690 Barrels
TOOLS
TRASH
200'
Approx. Toe of Fill Slope
STORAGE TANK
Reserve Pit Backfill & Spoils Stockpile
Sta. 0+00
F-8.1' El. 48.1'
El. 58.2' C-12.0' (btm. pit)
El. 53.9' F-2.3'
El. 51.5' F-4.7'
Proposed Access Road

Elev. Ungraded Ground At Loc. Stake = 6656.7'

FINISHED GRADE ELEV. AT LOC. STAKE = 6656.2'

UINTAH ENGINEERING & LAND SURVEYING
85 South 200 East Vernal, Utah

COASTAL OIL & GAS CORP.

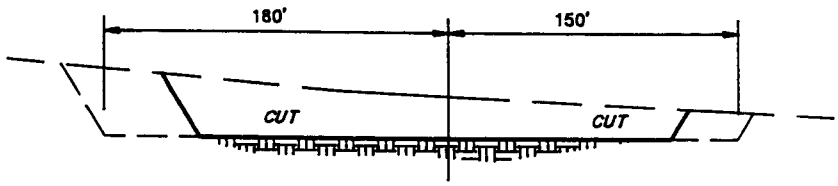
TYPICAL CROSS SECTIONS FOR

UTE #1-36C7
SECTION 36, T3S, R7W, U.S.B.&M.
1570' FNL 1504' FEL

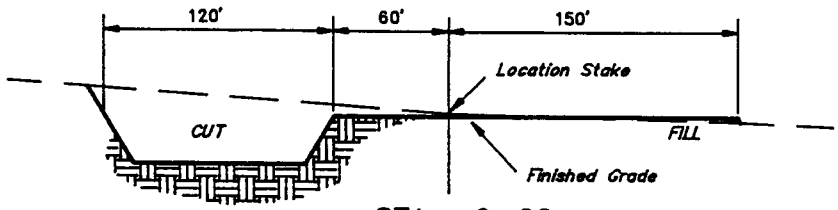
FIGURE #2

1" = 40'
X-Section Scale
1" = 100'

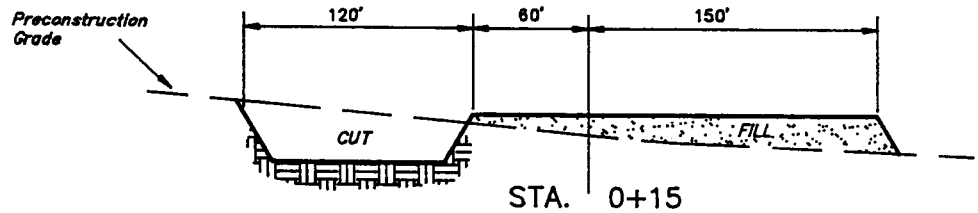
DATE: 02-12-97
DRAWN BY: D.R.B.



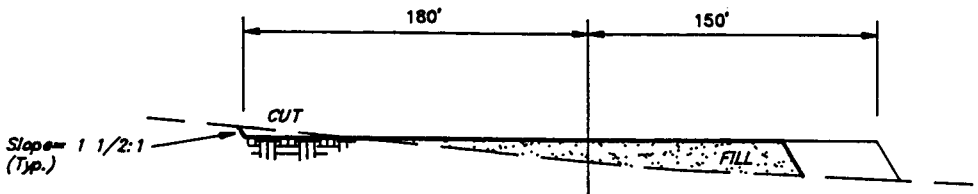
STA. 4+00



STA. 2+00



STA. 0+15



STA. 0+00

APPROXIMATE YARDAGES

CUT

(6") Topsoil Stripping = *2,600* Cu. Yds.

Remaining Location = *24,430* Cu. Yds.

TOTAL CUT = *27,030* CU.YDS.

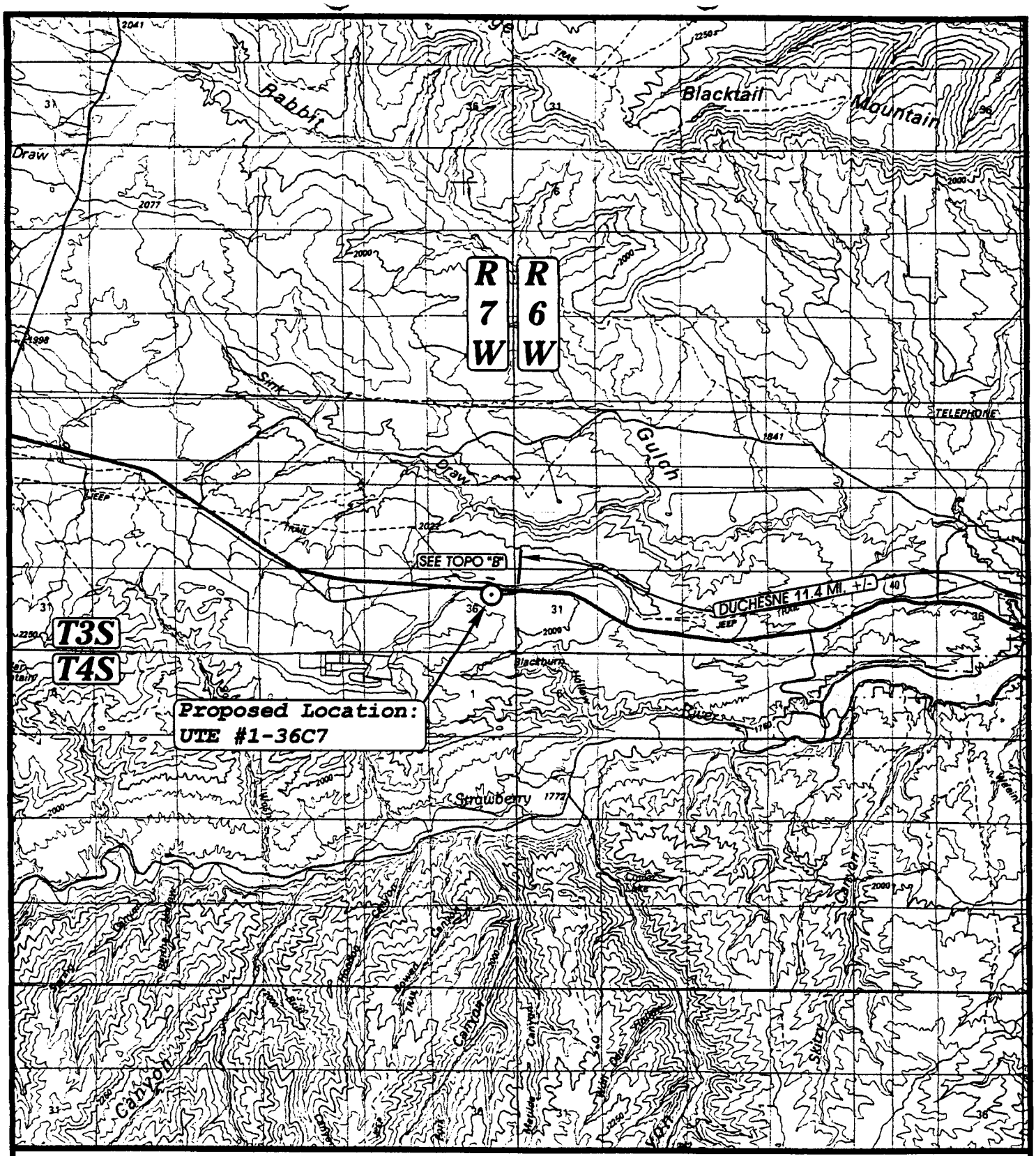
FILL = *5,620* CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION = *21,110* Cu. Yds.

Topsoil & Pit Backfill (1/2 Pit Volume) = *6,500* Cu. Yds.

EXCESS UNBALANCE (After Rehabilitation) = *14,610* Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 South 200 East Vernal, Utah



TOPOGRAPHIC MAP "A"

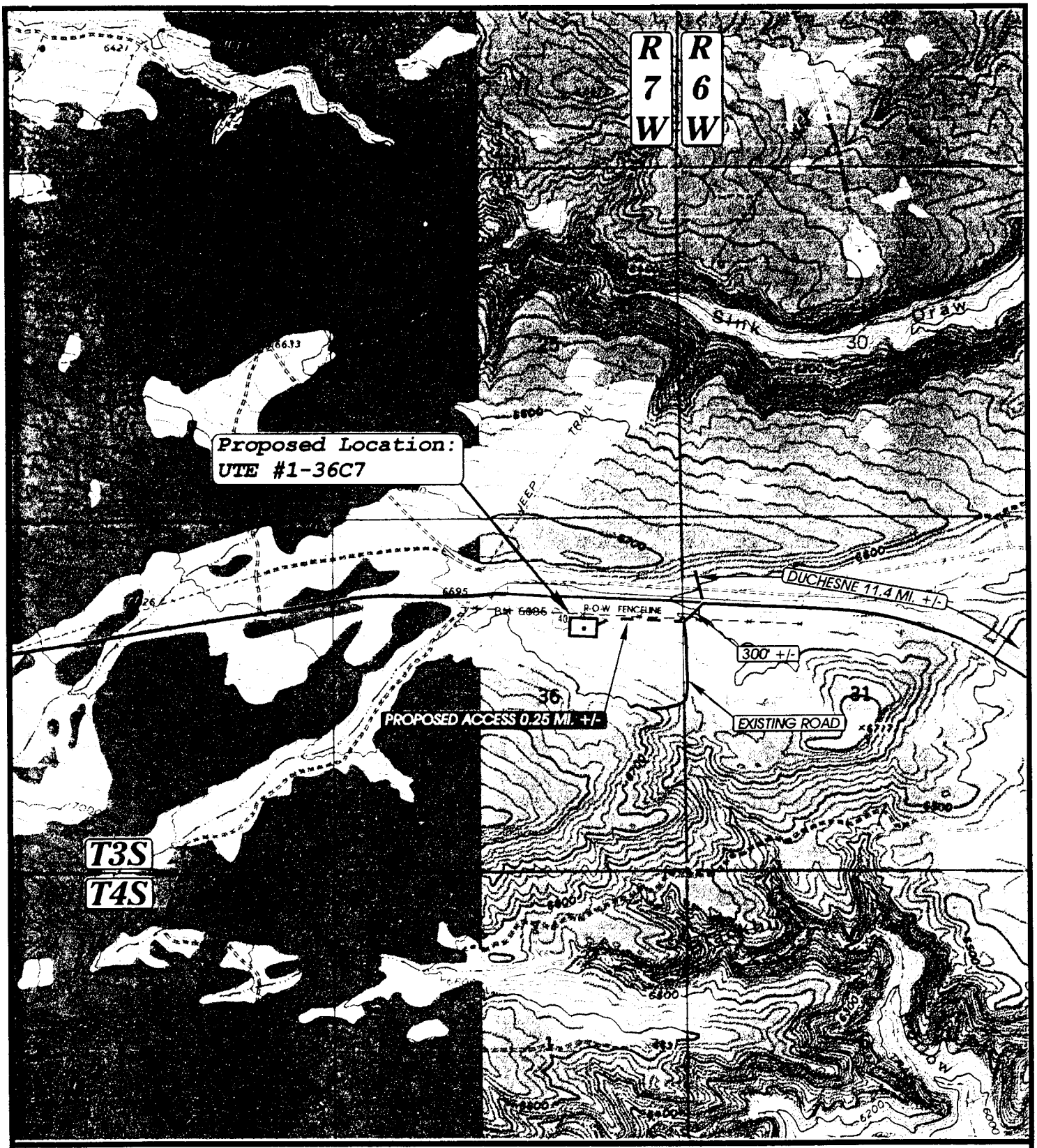
DATE: 2-18-97
Drawn by: D.COX

N

COASTAL OIL & GAS CORP.

UTE #1-36C7
SECTION 36, T3S, R7W, U.S.B.&M.
1570' FNL 1504' FEL

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (801) 789-1017



UELS

TOPOGRAPHIC MAP "B"

DATE: 2-18-97
Drawn by: D.COX

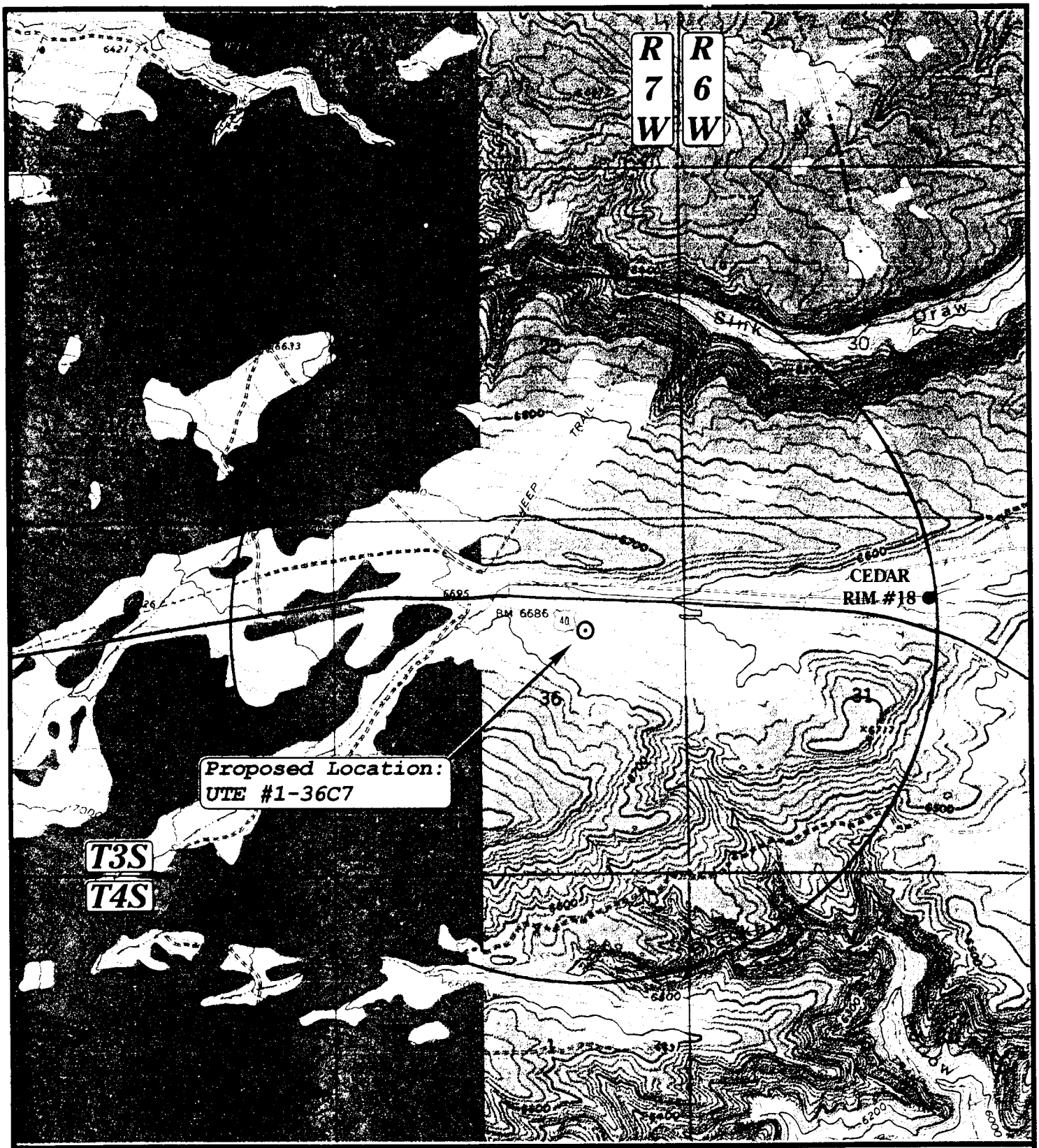
UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (801) 789-1017

N

SCALE: 1" = 2000'

COASTAL OIL & GAS CORP.

UTE #1-36C7
SECTION 36, T3S, R7W, U.S.B.&M.
1570' FNL 1504' FEL



LEGEND:

- Water Wells
- Abandoned Wells
- Temporarily Abandoned Wells
- Disposal Wells
- Drilling Wells
- Producing Wells
- Shut-in Wells

UELS

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (801) 789-1017

N

SCALE: 1" = 2000'

COASTAL OIL & GAS CORP.

UTE #1-36C7
SECTION 36, T3S, R7W, U.S.B.&M.

TOPOGRAPHIC MAP "C"

DATE: 2-18-97
Drawn by: D.COX

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 04/11/97

API NO. ASSIGNED: 43-013-31868

WELL NAME: UTE 1-36C7
OPERATOR: COASTAL OIL & GAS CORP (N0230)

PROPOSED LOCATION:
SWNE 36 - T03S - R07W
SURFACE: 1570-FNL-1504-FEL
BOTTOM: 1570-FNL-1504-FEL
DUCHESNE COUNTY
CEDAR RIM FIELD (080)

LEASE TYPE: IND
LEASE NUMBER: 14-20-H62-4703

PROPOSED PRODUCING FORMATION: GR-WS

INSPECT LOCATION BY: / /		
TECH REVIEW	Initials	Date
Engineering		
Geology		
Surface		

RECEIVED AND/OR REVIEWED:

✓ Plat
✓ Bond: Federal [✓] State [] Fee []
(Number 114066-A)
N Potash (Y/N)
N Oil shale (Y/N)
✓ Water permit
(Number CITY OF DUCHESNE)
N RDCC Review (Y/N)
(Date: _____)

LOCATION AND SITING:

___ R649-2-3. Unit: _____

___ R649-2-3. General.

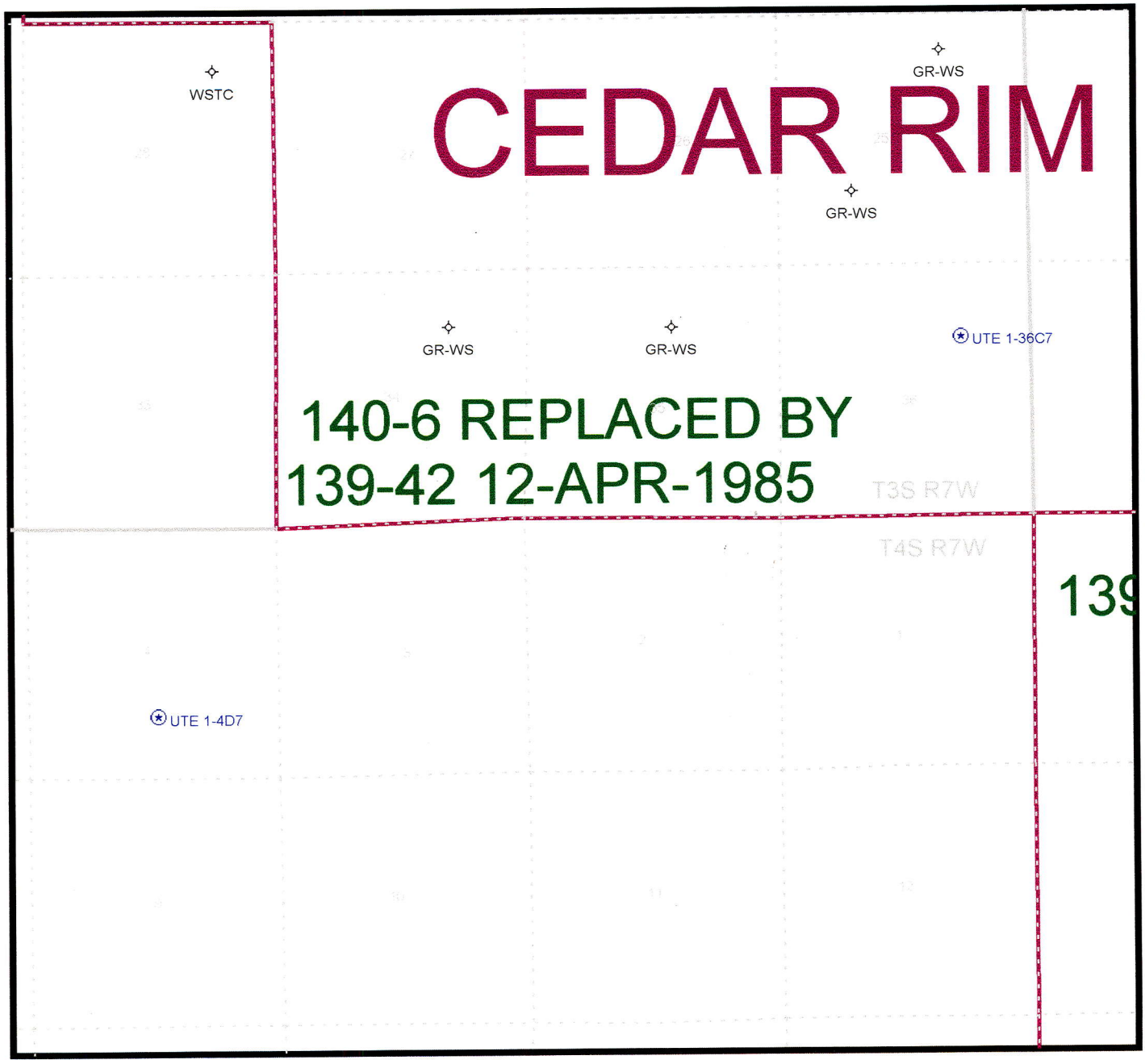
___ R649-2-3. Exception.

✓ Drilling Unit.
Board Cause no: 139-42
Date: 12-APR-1985

COMMENTS: _____

STIPULATIONS: (1) FEDERAL APPROVAL

OPERATOR: COASTAL (N0230)
FIELD: CEDAR RIM (080), UNDESIGNATED (002)
SEC, TWP, RNG: 36, T3S, R7W & 4, T4S, R7W
COUNTY: DUCHESNE
UAC: R649-3-3 & CAUSE 140-6



PREPARED:
DATE: 14 -APR-97

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
Lowell P. Braxton
Division Director

State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

May 4, 1998

Coastal Oil & Gas Corporation
P.O. Box 749
Denver, Colorado 80201-0749

Re: Ute 1-36C7 Well, 1570' FNL, 1504' FEL, SW NE, Sec. 36, T. 3 S., R. 7 W., Duchesne County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. 40-6-1 et seq., Utah Administrative Code R649-3-1 et seq., and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-013-31868.

Sincerely,

John R. Baza
Associate Director

lwp
Enclosures
cc: Duchesne County Assessor
Bureau of Land Management, Vernal District Office

Operator: Coastal Oil & Gas Corporation

Well Name & Number: Ute 1-36C7

API Number: 43-013-31868

Lease: 14-20-H62-4703

Location: SW NE **Sec.** 36 **T.** 3 S. **R.** 7 W.

Conditions of Approval

1. General
   Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.

2. Notification Requirements
   Notify the Division within 24 hours following spudding the well or commencing drilling operations. Contact Jim Thompson at (801)538-5336.

   Notify the Division prior to commencing operations to plug and abandon the well. Contact Dan Jarvis at (801) 538-5338 or Robert Krueger at (801) 538-5274.

3. Reporting Requirements
   All required reports, forms and submittals shall be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supercede the required federal approval which must be obtained prior to drilling.

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Vernal Field Office
170 South 500 East
Vernal, Utah 84078-2799
http://www.blm.gov/utah/vernal

Phone: (435) 781-4400
Fax: (435) 781-4410

IN REPLY REFER TO:
3160
UT08438

January 28, 2000

DOGM
LA
DATE

Coastal Oil & Gas Corporation
P O Box 1148
Vernal, UT 84078

Re: Well No. Ute 1-36C7
SWNE, Sec. 36, T3S, R7W
Lease No. 14-20-H62-4703
43-013-31818

Dear Cheryl:

The referenced application was received on April 11, 1997. The BIA Concurrence has not been received. Therefore, as you were notified November 15, 1999, the Application for Permit to Drill (APD) for the above referenced well is being returned. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

If you have any questions concerning APD processing, please contact me at (435) 781-4492.

Sincerely,

Margie Herrmann

Margie Herrmann
Legal Instruments Examiner

Enclosure